

Tax & Legal Weekly Alert

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Tax Updates

Additional restrictive measures against Russia

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New restrictive measures

Besides an increase in the list of Russian nationals and entities which are now subject to an asset freeze and / or visa ban, the reinforced restrictive measures targets the Russian financial, military- and energy sectors and:

1. establish an export ban for dual use goods (as listed in Annex 1 of [Regulation 428/2009](#)) for military end users and end uses, denying all exports of dual use goods intended for military purposes or entities;
2. restrict Russian access to certain sensitive technologies that can be used in the energy sector;
3. impose an embargo on trade in arms and related material from / to Russia. This embargo will cover all items on the EU [common military list](#);
4. limit access to EU markets for Russian state-owned financial institutions, their subsidiaries and those acting on their behalf.

The abovementioned measures have already been formally adopted by the European Council and have entered into force on August 1, 2014. The impact of the restrictive measures will be assessed before 31 October 2014 and can be adjusted accordingly if necessary.

What does it mean for you?

Besides impacting Russian industries, the restrictive measures will also severely impact EU companies that export to Russia or provide services to Russian companies, especially when they are trading with Russian companies in the energy sector.

Although the restrictive measures are not intended to affect the exports of dual-use goods and technology for non-military use and / or for non-military end-users, it can be expected that the competent authorities will closely monitor all exports to Russia. The expanded monitoring of the goods in combination with the increased screening of the intended ‘end-use’ and ‘end-users’, will likely increase the administrative burden for companies (e.g. when requesting export licenses), but can also lead to additional controls from the respective customs authorities of ‘normal’ shipments intended for Russia, potentially resulting in delays.

In addition, the export of certain energy industry related ‘sensitive’ goods and technology to Russia will now require a prior authorisation by the competent authorities in the individual Member States. In certain cases, an export license will be denied when products are destined for certain energy projects in Russia, such as projects related to shale oil and deep water oil exploration and production.

The restrictive measures apply to all companies and organisations incorporated within the EU, whether or not they are in the EU, and include branches of EU companies in third countries.

What to do?

As a result of the aforementioned restrictive measures, companies should reassess their existing export control programs and / or considered sales or shipments to Russia in order to limit their exposure. In order to avoid exposure and to evaluate the required administrative measures, it is essential to assess whether or not the respective goods are dual use, which party will be the end-user and what the intended end-use will be. Additionally, companies should take potential delays into consideration for future shipments to Russia.

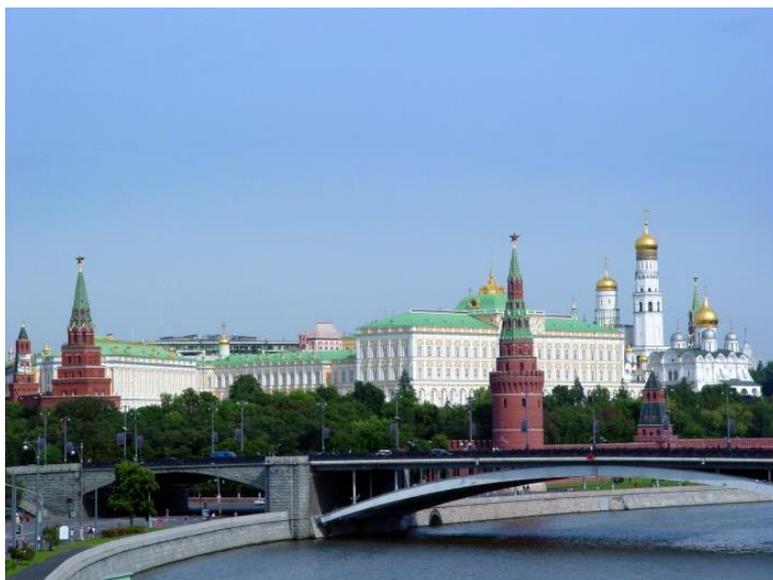
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